

A person wearing a white tank top and a baseball cap is sitting on a grassy hill, looking out over a city skyline. A large, shaggy dog is sitting next to them, also looking out over the city. The city skyline includes several tall buildings and a construction crane. The sky is blue with some clouds.

If You Become Disabled

Your State Disability Protection

**For members of the State of Michigan
Defined Benefit Retirement Plan**

October 2004

Your Disability Protection

If you become ill or injured while you are an active state of Michigan employee, and you can no longer work, your retirement plan provides protection for you and your dependents. Disability protection for members of both the Defined Benefit and 401(k) Defined Contribution plans is provided under Public Act 240 of 1943, as amended. Benefits are administered by the Office of Retirement Services (ORS), a division of Michigan's Department of Management and Budget.

This pamphlet provides a general overview of the disability process for Defined Benefit plan members. If you are a 401(k) Defined Contribution member (generally those hired after March 31, 1997) your disability benefits are outlined in the publication *Looking to the Future: The 401(k) Retirement Plan for State of Michigan Employees*.

Our online
**benefit
estimator**
can help you
estimate the
monthly
pension you might
receive if your
disability
application is
approved.

Eligibility Criteria

To qualify for a disability retirement, you must meet all of the following conditions:

- You file an application with ORS within one year of the date of your termination from state employment. This filing deadline can be extended an additional 12 months if the retirement board determines that you have shown good cause for not filing within one year. If more than 12 but less than 24 months have passed since your termination and you believe you have good cause, substantiation for late filing must accompany your application.
- An independent medical advisor certifies that you are *totally* and probably *permanently* disabled. Totally disabled means you are unable to perform the duties of your current position, or any position reasonably related to your education, training, or experience. Permanently disabled means the disability is likely to last your lifetime.
- You must be vested with the equivalent of 10 years of full-time state employment for a *nonduty disability* (an injury or illness incurred outside of work). If you have a *duty disability* (an illness or injury incurred from duties at work), a benefit could be payable regardless of how long you have been employed by the state.

How Pensions Are Calculated

Nonduty disability pension calculations. A nonduty disability retirement benefit is calculated the same as a regular service retirement. The formula multiplies your *years of service* times 1.5 percent times your *final average compensation* to figure your annual pension amount.

When you apply, you can choose the *straight life option*, which pays you the most money but does not provide any ongoing benefits to a beneficiary when you die. Or you can elect a *survivor option*, which pays you less but continues pension and health insurance benefits to your beneficiary upon your death. For more information about your retirement options, ask for the ORS publication, *Retirement Readiness: A Two-Year Countdown*. You can find this publication at www.michigan.gov/ORSStateDB as well.



Duty disability pension calculations. A duty disability retirement is calculated the same as a regular service retirement—your *years of service* times 1.5 percent times your *final average compensation*—but not less than \$6,000 per year. In addition, we always credit at least 10 years of service to calculate a duty disability pension, even if you have not worked for the state that long. When you reach age 60, your duty disability pension is recalculated as a regular service retirement, counting the years that you received a duty disability benefit in your total years of service.

The Application Process

File an application.

Your application for disability retirement must be received within one year from the date of your termination from state employment. (Again, you may get a 12-month extension if you are able to show good cause.) Any application for disability retirement, regardless of when it is filed, must be for a condition you incurred before your termination from state employment.



Your first step to apply for a disability pension is to contact ORS and request a *disability retirement packet*. Along with an application form, the packet contains detailed information about insurances and pension options, as well as the forms needed to process your application. You must sign the *medical release* forms that allow an independent medical advisor to obtain and review the medical records pertaining to the injury or illness that you believe prevents you from working. Once completed, you must send the forms to Disability Determination Services (DDS).

The disability determination.

DDS is part of Michigan’s Family Independence Agency. DDS assists ORS in the disability application process by collecting and validating forms, obtaining and reviewing medical documentation, and providing expertise in determining medical eligibility to the retirement board.

Check out our **website**—link to the **Employee Benefits** Division for other benefit information; CitiStreet for deferred compensation information; and the Department of Civil Service to **learn** about preretirement seminars.

DDS will ask the medical providers listed on your application to send your medical records directly to DDS for review. An *independent medical advisor* from DDS will review your medical records and, if necessary, schedule an exam for you by a medical professional.

After the review of the medical records, DDS reports its findings to the State Employees’ Retirement Board.

If your application is approved.

If DDS determines your medical condition meets the disability criteria, it will recommend to the retirement board that your application be approved. The information is then reviewed by the State Employees’ Retirement Board at a regularly scheduled meeting. If the board agrees with the DDS evaluation, ORS will notify you of the approval. We will then process your application and insurance enrollments and you will receive your first pension payment four to six weeks after all required information is received. Your first check will include any past due benefits as well.

If the board approves your disability retirement and you have not terminated your employment with the state yet, contact your human resource office immediately so your benefits are not delayed. If you do not terminate employment within 30 days of the board’s decision, you may have to reapply.

If your application is denied.

If DDS determines that your condition does not meet the medical requirements for a disability pension as defined in the retirement act, you will receive a denial letter. This letter will advise you of your appeal rights and the deadline for filing an appeal.

What to Expect as a Disability Retiree

Your pension payments. Before your payments begin we will send you an *award letter* that tells you the amount of your pension payment and when you can expect your first check. Pensions are issued on the 25th of each month.

The award letter will include a booklet that tells you more about things like benefit statements, postretirement increases, insurance enrollments, and taxes. It will also tell you when and how to get in touch with ORS after your pension payments begin.

Annual certifications. As a disability retiree, every year until age 59 you will receive an *Annual Disability Certification* form that you must complete and return to ORS. This form verifies that you are still unable to work because of a disabling condition.

Medical reexaminations. The retirement board may require that you have a *medical reexamination*. If the reexam determines that you are capable of resuming employment and you are restored to active service with the state, your disability benefits will stop.

If you return to work. If you return to employment, there is a limit on how much you can earn without affecting your pension. As a disability retiree you can earn up to the difference between your final compensation and your annual pension without your pension being reduced. If you earn more than the limit, you will have to repay the excess amount to the retirement system (a dollar-for-dollar reduction in your pension).



Be sure to ask your human resource office about **other programs** you may be eligible for such as social security disability benefits, workers’ compensation, **long-term** disability insurance, and more.

We’re Here to Help

We hope that this pamphlet has helped you understand the disability application process. We realize you have a lot of important decisions to make regarding your future. Please don’t hesitate to contact us if you have any questions regarding disability or retirement benefits.



www.michigan.gov/ORSstateDB



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The intent of this publication is to summarize basic Defined Benefit plan provisions under Michigan's Public Act 240 of 1943, as amended. Current laws, rates, and factors are subject to change. Should there be discrepancies between this publication and the actual law, the provisions of the law govern. Published by State of Michigan, Department of Management and Budget, Office of Retirement Services.